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Mexico

Grain and Feed Update

Extreme Weather Conditions Bring Mixed Results to Mexico's Grain Production

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Report Highlights:
Corn production is likely to contract slightly in marketing year (MY) 2013/14 (October/September) to 21.7MMT mostly due of damages brought on by a recent hurricane and tropical storm. Wheat production is down for MY 2013/14 (July/June) also mainly due to adverse weather conditions. Sorghum, rice and dry bean production are all forecast to be up in MY 2013/14 due to favorable weather conditions and other economic factors. Mexico's Agriculture Secretary recently announced the Administration's goal for the country to eventually become self-sufficient in yellow corn production.

Corn

Production:
Total Mexican corn production estimate for MY2013/14 (October/September) has been revised downward from USDA/Official estimate to 21.7 million metric tons (MMT), due to more complete data from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA). Despite a higher-than-expected harvested area, the extremely unfavorable weather conditions provoked by hurricane Manuel and tropical storm Ingrid last September, has lessened production expectations. Both meteorological phenomenon caused extensive damaged when the storms tore through several of Mexico's corn regions, particularly in Guerrero, Michoacán and Tamaulipas. According to official sources in Guerrero, for example, the storms damaged 103,000 hectares of corn. As result, it is expected that corn production in the state of Guerrero could reach 1.2 MMT in the 2013 spring/summer crop cycle compared with 1.5 MMT obtained the same season last year. In total, SAGARPA estimates that the 2013 spring/summer crop, which is mainly harvested in December, could reach 16.9 MMT. At the same time, the expectation for the upcoming 2013/14 fall/winter season crop could reach 4.8 MMT, considering a planted area of 975,000 hectares (has). The Post/New total production and harvested area estimates for the MY 2012/13 have been adjusted slightly upward based on SAGARPA final information.

According to Agriculture Secretary, Enrique Martinez, one of the goals of the current administration is for Mexico to eventually become self-sufficient in domestic yellow corn production and thereby eliminating the need to rely heavily on imports. Recently, Secretary Martinez stated that due to the white corn-surplus in Mexico, SAGARPA is implementing conversion schemes (i.e. government supports) to help prevent falling prices and the adverse impact on grower livelihoods. The Secretary recently pointed out "we have a surplus of products such as white corn, and are making efforts to convince corn growers to plant part of their crop to yellow corn because we are now importing nearly 8.0 MMT of yellow corn annually." As a result of the Administration's initiative, SAGARPA is in the process of conducting talks with growers in Sinaloa, a major corn producing state, about substituting white corn production with yellow corn production. SAGARPA's initial goal for the upcoming 2013/2014 fall/winter crop cycle is to substitute the estimated production of 2 MMT of white corn with yellow corn thereby increasing Sinaloa's total estimated yellow corn production to 4 MMT.

Trade:
The Post/New total corn import estimates for MY2012/13 have been revised upward from official USDA/Official estimate based on final official information from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA. It should be noted that this information is more updated than the data from Global Trade Atlas available information. Similarly, the Post/New export estimate for MY2012/13 was revised upward from USDA/Official figures to reflect final data from the same Mexican official sources.

During a recent hearing with lawmakers of Mexico's Lower House, Agriculture Secretary, Enrique Martinez, stated that the Mexican government is ready to vacate the 2008 decree allowing corn imports from countries that Mexico does not have free trade agreements, such as South Africa. Martinez pointed out that with the expectation of corn overproduction next year, the decree could generate market price distortions in the domestic market. Mexico imported approximately 1.0 MMT of white corn from South Africa in the last two years, with zero import tariffs under that decree, to cope with the adverse weather conditions that affected domestic corn production.

Stocks:
The Post/New ending stocks estimate for MY 2013/14 is lower than the USDA/Official estimate (1.611 MMT) as a result of lower-than-previously estimated domestic production. Also, the Post/New ending stocks for MY 2012/13 have been revised downward from USDA/Official estimate due to higher-than-previously estimated exports.

Production, Supply and Demand Statistics

Table 1: Mexico, Corn Production, Supply and Demand for MY2011/12 to MY2013/14

Corn Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,070	6,070	6,830	6,896	6,700	6,820
Beginning Stocks	1,112	1,112	1,316	1,316	1,116	1,061
Production	18,726	18,726	21,500	21,591	22,000	21,700
MY Imports	11,172	11,172	5,500	5,675	8,000	8,000
TY Imports	11,172	11,122	5,500	5,675	8,000	8,000
TY Imp. from U.S.	9,929	9,929	0	4,800	0	7,400
Total Supply	31,010	31,010	28,316	28,582	31,116	30,761
MY Exports	694	694	200	521	150	150
TY Exports	694	694	200	521	150	150
Feed and Residual	13,200	13,200	11,000	11,000	12,500	12,500
FSI Consumption	15,800	15,800	16,000	16,000	16,500	16,500
Total Consumption	29,000	29,000	27,000	27,000	29,000	29,000
Ending Stocks	1,316	1,316	1,116	1,061	1,966	1,611
Total Distribution	31,010	31,010	28,316	28,582	31,116	30,761
1000 HA, 1000 MT, MT/HA						

Sorghum

Production:
The Post/New sorghum production estimate for MY 2013/14 (October/September) has been revised upward to 7.1 MMT from the USDA/Official estimate based on updated official data from SAGARPA. Government contacts stated that total planted area for the upcoming 2013/14 fall/winter crop cycle is expected to be higher than initially forecast due to the rains generated by the two hurricanes that hit landfall on opposite coasts in September 2013. Although both hurricanes caused severe flooding, destroyed roads and claimed lives, it also helped to recharge many low reservoirs, which have been operated at less than 50 percent capacity for almost three years. Official sources stated with that level in the water reservoirs and higher land moisture, sorghum grower's planting intentions should increase. It should be noted that tropical storms are an important source for replenishing water reservoirs across Mexico, with reservoirs being recharged from tropical storms from both the Atlantic and Pacific oceans from July through September. The Post/New production estimate and harvested area for MY 2012/13 have been increased slightly from USDA/Official based on updated official data from SAGARPA.

Trade:
The Post/New total sorghum import forecast for MY 2013/14 has been revised downward from USDA/Official data to 3.2 MMT, due to higher-than-previously estimated domestic sorghum

production. Similarly, the Post/New import estimate for MY 2012/13 was revised downward from USDA/Official estimate to 1.86 MMT, based on final official data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA. It should be noted that this information is more updated than the data from Global Trade Atlas available information.

Stocks:

The ending stock estimate for MY 2013/14 has been increased from USDA/Official estimates, due to higher-than-previously estimated domestic production. At the same time, Post ending stocks estimate for MY 2012/13 has been revised upward from USDA/Official data to 353,000 MT due to higher-than-previously estimated domestic production for this year.

Production, Supply and Demand Statistics

Table 2: Mexico, Sorghum Production, Supply and Demand for MY2011/12 to MY2013/14

Sorghum Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,682	1,682	1,625	1,644	1,700	1,870
Beginning Stocks	724	724	418	418	168	353
Production	6,425	6,425	5,850	6,174	6,800	7,100
MY Imports	1,369	1,369	2,000	1,861	3,500	3,200
TY Imports	1,369	1,369	2,000	1,861	3,500	3,200
TY Imp. from U.S.	1,166	1,165	0	1,182	0	2,750
Total Supply	8,518	8,518	8,268	8,453	10,468	10,653
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	8,000	8,000	8,000	8,000	10,000	10,000
FSI Consumption	100	100	100	100	100	100
Total Consumption	8,100	8,100	8,100	8,100	10,100	10,100
Ending Stocks	418	418	168	353	368	553
Total Distribution	8,518	8,518	8,268	8,453	10,468	10,653
1000 HA, 1000 MT, MT/HA						

Rice

Production:

The Post/New total rice production estimate for MY 2013/14 (October to September) has been revised upward approximately 6 percent from USDA/Official estimates to 188,000 MT (rough production) reflecting the most recent data from SAGARPA. The increase in rough rice production is equivalent to 129,000 MT of milled rice. According to industry sources, rice output was increased due to higher yields-than-previously estimated. Reportedly, the main rice producing states such as Nayarit, Veracruz, Tabasco and Michoacán have continued planting in regions with consistently higher yield levels. In addition, some state governments have implemented support programs for rice growers. In Veracruz, for example, the 2013 Rice State Program for Irrigated and Non-irrigated crop cycles was recently implemented. Through this program, the state government has provided certified seed, fertilizer, machinery and equipment for production, harvesting and drying. As result, it is expected that in the 2013 spring/summer crop cycle yields in Veracruz could increase to 6.367 MT/Ha from 6.0 MT/Ha obtained the same crop cycle last year. The production estimate for MY 2012/2013 has been adjusted slightly upward from USDA/Official estimates based on SAGARPA final information.

Trade:
In comparison with the USDA/Official estimate, the Post/New import estimate for MY2012/13 has been adjusted downward, based on final data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA. It should be noted that this information is more updated than the data from Global Trade Atlas available information.

Stocks:
As a result of new trade information, the Post/New MY 2012/13 ending stocks estimates have been decreased from the USDA/Official estimate. It was reflected in the carry over for the MY2013/14, which was also adjusted downward.

Production, Supply and Demand Statistics

Table 3: Mexico, Rice Production, Supply and Demand for MY2011/12 to MY2013/14

Rice, Milled Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	32	32	35	35	32	32
Beginning Stocks	220	220	152	152	168	157
Milled Production	113	113	128	131	122	129
Rough Production	164	164	186	191	178	188
Milling Rate (.9999)	6,870	6,870	6,870	6,870	6,870	6,870
MY Imports	645	645	725	711	750	750
TY Imports	680	680	725	639	750	750
TY Imp. from U.S.	642	642	0	594	0	700
Total Supply	978	978	1,005	994	1,040	1,036
MY Exports	1	1	2	2	2	2
TY Exports	1	1	2	2	2	2
Consumption and Residual	825	825	835	835	860	860
Ending Stocks	152	152	168	157	178	174
Total Distribution	978	978	1,005	994	1,040	1,036
1000 HA, 1000 MT, MT/HA						

Wheat

Production:
Post's MY 2013/14 (July/June) wheat harvested area and production forecasts have been revised downward from USDA/Official forecasts based on updated information from official Government of Mexico (GOM) sources, which reflects lower-than-previously estimated harvested area. Industry contacts stated the 2013 Spring/Summer crop was adversely affected due to a freeze in September 2013, mainly in the state of Tlaxcala. The GOM sources pointed out that the 2013 freeze damaged the wheat crop during the grain-filling/ripening stage of growth, which also negatively affected yields in the state of Tlaxcala.

Trade:
Post's wheat import estimate for MY 2012/13 has increased by 207,000 MT from the USDA/Official estimate. These figures are based on final data from the Global Trade Atlas. Similarly, the MY2012/13 export estimate has been revised downward reflecting final Global Trade Atlas data.

Stocks:

Post's ending stocks estimate for MY 2012/13 has been revised upward to 564,000 MT from the USDA/Official estimate, due to higher-than-previously import estimates. It was reflected in the carry over for the MY 2013/14 which was also adjusted upward. It should be noted that this level of stocks are similar to those registered on MY2011/12.

Production, Supply and Demand Statistics

Table 4: Mexico, Wheat Production, Supply and Demand for MY2011/12 to MY2013/14

Wheat Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	662	662	579	579	643	634
Beginning Stocks	317	317	575	575	277	564
Production	3,628	3,628	3,231	3,231	3,419	3,382
MY Imports	5,020	5,020	3,825	4,032	3,900	3,900
TY Imports	5,020	5,020	3,825	4,032	3,900	3,900
TY Imp. from U.S.	3,902	3,902	3,014	3,924	0	3,800
Total Supply	8,965	8,965	7,631	7,838	7,596	7,846
MY Exports	790	790	729	649	800	800
TY Exports	790	790	729	649	800	800
Feed and Residual	1,500	1,500	425	425	200	200
FSI Consumption	6,100	6,100	6,200	6,200	6,300	6,300
Total Consumption	7,600	7,600	6,625	6,625	6,500	6,500
Ending Stocks	575	575	277	564	296	546
Total Distribution	8,965	8,965	7,631	7,838	7,596	7,846
1000 HA, 1000 MT, MT/HA						

Dry Beans

Production:

The Post dry beans harvested area and production estimates for MY2013/14 (January to December) have been revised upward, reflecting the latest Mexican government official data published by SAGARPA. Official sources stated that the favorable weather conditions, with a regular rainy season since September, encouraged growers to increase planted areas of dry beans in the main producing states such as Zacatecas, Durango and San Luis Potosi. Moreover, these favorable weather conditions have impacted favorably the expected yields. Official sources now estimate that the 2013 spring/summer crop cycle will produce approximately 855,000 MT of edible beans, slightly higher than the production reached for the same crop cycle last year (810,000 MT). As usual, this spring/summer crop cycle will account for approximately 75 percent of total dry edible bean production whereas the remainder of the crop will come from the fall/winter cycle. Post total dry beans production and harvested area estimates for MY 2012/13 have been adjusted slightly upward based on SAGARPA final information.

Trade:

The Post dry bean import and export estimate for MY2013/14 have been revised downward and upward, respectively, based on updated official information from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA, as of September 30, 2013. Also, the Post import estimate for MY2012/13 was revised slightly upward to 232,000 MT, based on final official data.

On October 22, 2013 SAGARPA published a press release about dry beans, with several points, among them the following:

- SAGARPA announced a scheme of assistance to avoid market distortions and safeguarding dry beans growers, mainly in the states of Zacatecas, Chihuahua and Durango.
- SAGARPA performed an intense collaboration between dry bean growers, traders, consumers and local authorities to take preventive measures in favor of the production chain.
- Based on the close coordination with the Secretariat of Economy (SE), and due to the enough supply of dry beans in the domestic market, it is agreed that there will be no imports of dry beans.
- This strategy is expected to benefit growers of black and pinto beans of the aforementioned states.

According to official sources, details of the new assistance scheme will be published in Mexico's Federal Register ("*Diario Oficial"*) in the next few weeks.

Regarding the statement that there will be no imports of dry beans (reportedly until the domestic dry bean crop is sold), GOM officials have informed Post that the Government of Mexico is looking to cancel the unilateral tariff rate quote (TRQ) that the SE announces every year in Mexico's Federal Register, since 2008 (see 2012 GAIN report MX2008 "Mexico Looks to Source More Beans"). However, GOM officials advised Post that this TRQ does not apply for countries under the North America Free Trade Agreement (NAFTA) such as the United States and Canada. The Mexican officials reiterated that U.S. dry beans imports will not be suspended, as Mexico's import tariffs on U.S. dry beans were eliminated under NAFTA since January 1, 2008.

Stocks:
Ending stocks for MY2013/14 have been revised upward to 215,000 MT due to higher-than-previously estimated domestic production for this year. Also, the Post/New ending stocks estimate for MY2012/13 is slightly higher than previous FAS/Mexico estimate. The difference is due to higher-than-previously domestic production and import estimates. This is reflected in the upward adjustment to MY2013/14 carry over as well.

Production, Supply and Demand Statistics

Table 5: Mexico, Dry Beans Production, Supply and Demand for MY 2011/12 to MY2013/14

Dry Beans Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	922	0	1559	0	1712
Beginning Stocks	0	183	0	8	0	137
Production	0	626	0	1063	0	1135
MY Imports	0	134	0	232	0	140
TY Imports	0	134	0	232	0	140
TY Imp. from U.S.	0	126	0	172	0	120
Total Supply	0	943	0	1303	0	1412
MY Exports	0	35	0	16	0	27
TY Exports	0	35	0	16	0	27
Feed Consumption	0	0	0	0	0	0
FSI Consumption	0	900	0	1150	0	1170

Total Consumption	0	900	0	1150	0	1170
Ending Stocks	0	8	0	137	0	215
Total Distribution	0	943	0	1303	0	1412
1000 HA, 1000 MT, MT/HA						

For More Information:
FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Title of Report	Date Submitted
MX3059	Drought Brings Down Mexico's Grain Production	7/19/2013
MX3024	Favorable Growing Conditions for Higher Corn, Wheat, and Dry Beans Forecast, Sorghum Mixed, Rice Down	3/15/2013
MX3010	Grain Production Up Due to Good Weather Conditions	01/29/2013
MX2073	Grain and Feed Annual Report Update Mexico	10/26/2012
MX2054	Favorable Growing Conditions Higher Corn, Sorghum and Rice Forecast	07/30/2012
MX2023	Grain and Feed Annual Report Update	04/23/2012
MX2018	Prolonged Drought Devastated Grain and Feed Sector	03/30/2012
MX2008	Mexico Looks to Sources More Dry Beans	02/13/2012

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx , equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

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